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# REPORT

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## FINANCE MINISTER ANNOUNCES TENTATIVE 1950 BUDGET

<u>Expenditures</u>	<u>Percentage</u>
Military	38.8
Executive	21.4
Investment in state-operated industries	23.2
Cultural, educational and health programs	4.1
Aid to local governments	2.3
Retirement of principal and interest on Northeast government bonds	0.1
General	9.4

Public grain collections	41.4
All taxes	38.9
Industrial income	17.1
Liquidation of inventories	2.4
Miscellaneous	0.2

Several items under the head of executive expenditures may properly be counted as military expenditures. Thus, winning the war takes high priority in the budget, but expenditures allotted for military purposes cannot be considered disproportionate.

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The largest item in the executive section of the budget is for personnel support. Not only must the public workers and teachers of the People's government be supported but also the civil, military, and educational workers of the old government. Nine million nonproductive workers, or 2 percent of the total population, must be supported by the government. This is a heavy but unavoidable responsibility of the government. Consequently, expenditures in the budget for military and executive purposes amount to over 60 percent of the total. Even this allows for only a very low standard of living for those whose standard has long been too low. But we must urge these people to continue to sacrifice so that funds may be allotted to production increase programs. It is hoped that within 2 years a large number of these people may be returned to productive economic activity.

The 23.9 percent of the budget allotted to capital for economic reconstruction in state-operated enterprises will require limitations on clothing and food for 9 million public servants. It is necessary to save this amount to build up the general economy of the country, which in many places has been reduced to less than half its prewar status.

The 4.1 percent of the budget allotted for culture, education, and health would have to be 6 percent if it included support of the workers in these fields. In view of the continuing war, the 4.1 percent figure cannot be considered small.

In the matter of income, the public-grain collection figure, set at 41.4 percent, represents from 19 to 21 percent of the total national income. In view of the enormous sacrifices made by the agricultural population during the 12 years war of resistance and liberation, it may seem too great. However it is necessary to maintain this burden for liberation and restoration.

The proportion of budget income to be realized from taxes falls heaviest on city dwellers. According to prewar data, the burden could be even heavier but has been held at this figure because many cities have not yet recovered from war conditions. Since a number of items of the industrial taxes are passed on to the consumer, which in the end means the farmers, the responsibility for heavy tax purchases is being placed principally upon the industrialists and industrial workers.

To make this tentative budget work, the utmost devotion and circumspection will be required of all public servants, both in collection and disbursement of funds. Those in charge of state-operated industries must prevent all waste in operations, maintain strict cost accounting, and keep their disbursements strictly within budget requirements.

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